

We will work on the mitigation of environmental impact, conservation of biodiversity, and sustainable food production through product development and initiatives designed with the future of society and the environment in mind, thereby contributing to the realization of a low-carbon, recycling-based society.

Having set mitigation of climate change and environmental impact, contribution to biodiversity, and contribution to a recycling-based society as materialities, our group aims to protect the global environment and realize a low-carbon society by fully utilizing its technologies, knowledge, and R&D capabilities. To align with the 2050 targets set out in the Ministry of Agriculture, Forestry and Fisheries' Strategy for Sustainable Food Systems, MIDORI—reducing the risk-weighted use of chemical pesticides and expanding organic farming—, we will advance the R&D of safe and reliable chemical pesticides and accelerate the development of microbial pesticides and biostimulants. We also support the “30by30” target established in the Kunming-Montreal Global Biodiversity Framework and aim to be nature positive by registering the Kumika Refugia Kikugawa / Fukushima Town and promoting nature and biological conservation activities in the region. As part of our efforts to realize a recycling-based society, we have established an environmental management system in accordance with ISO 14001 and launched the ESG Project.



YOSHIMURA Takumi
Director, Senior Managing Executive Officer

Information Disclosure in Line with TCFD and TNFD Recommendations

● Introduction

Climate change and nature degradation pose diverse challenges to agriculture, including increases in pests, declines in crop yields and quality, shifts in production areas, deterioration of forests and soils, and loss of biodiversity.

In line with its corporate philosophy of “Protecting and fostering life and nature,” our group aims to balance improvements in agricultural productivity with sustainability, based on the materiality identified and its basic policies on sustainability and the environment.

● Governance to Promote Sustainability

The Sustainability Promotion Committee, chaired by the Representative Director, President and composed of full-time Directors and Executive Officers, formulates strategies on sustainability issues, such as “mitigation of climate change and environmental impact” and “human capital development / human capital strategy based on the idea of human capital,” manages the progress of the action plan for each issue, and also formulates information disclosure strategies. The Responsible Care Promotion Committee also makes decisions on policies related to occupational health and safety and chemical substance management, and discusses measures to address these issues.

The Board of Directors comprises nine members, including Outside Directors with expertise in the environmental field. Based on reports from the Sustainability Promotion Committee and periodic updates from the Director, Senior Managing Executive Officer in charge of sustainability, the Board resolves and oversees the establishment and progress of key environmental policies and KPIs.

The Nomination and Remuneration Committee reviews our efforts in reducing greenhouse gas (GHG) emissions and their results, as well as our initiatives and achievements in the areas of anti-corruption, human rights, and

decent work, and incorporates these factors into the determination of remuneration for Directors.

The Kumiai Chemical Group Top Management Strategy Meeting has been established to achieve sustainable growth and enhance corporate value over the medium- to long-term by ensuring stable business operations, promoting sustainability management, and achieving effective corporate governance. In line with the

● Human Rights Policy and Engagement for Stakeholders

Considering that respecting human rights is the foundation of sustainability management, our group has endorsed and respects the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) and has established the Kumiai Chemical Group Basic Policy on Human Rights. Moreover, we conduct human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and collaborate with all officers and employees of our group and other stakeholders to promote respect for human rights.

Our group is implementing Responsible Care activities as part of sustainability management. In the chemical industry, Responsible Care refers to activities that ensure the safety, health, and environmental protection of related people inside and outside Kumiai throughout

● Risk Management

We identify risks and opportunities recognized by our divisions, and also identify issues by referring to the recommendations of external organizations such as TCFD*1 and TNFD*2, as well as climate- and nature-related risks and opportunities recognized by other companies in the same industry. The degree of importance of each issue identified is determined by conducting impact assessments, taking into account the financial impact. Risk issues identified are discussed once a year by the Risk Management & Compliance Committee, a company-wide committee, and measures to address the issues

Kumiai Chemical Group Basic Policy on Sustainability, the Meeting is working to share and implement measures to help realize a sustainable society that meets the expectations and needs of our stakeholders. Under the Kumiai Chemical Group Top Management Strategy Meeting, the Sustainability Promotion Subcommittee is responsible for effectively implementing measures to promote sustainability management.

all processes—including research and development, mineral extraction, procurement, production, distribution, sales, and use by customers through to disposal. These activities also involve disclosing the results and engaging in dialogue and communication with society. As part of these efforts, our group organizes annual tours of our factories and institutes for local residents and users. Furthermore, through initiatives such as providing users (pesticide users) with information on proper and effective usage methods and on-site support for product application, as well as disseminating information to general consumers, visiting elementary schools to give classes, and organizing food and agriculture discussion sessions led by high school students, we actively communicate with both users and general consumers can handle our products and the crops grown using them safely and with confidence.

are determined.

Our analysis of climate-related risks and opportunities, major risks and opportunities, measures to address them, and our GHG emissions data are disclosed on the Company's official website.

Our analysis reaffirmed that the realization of a safe, secure, and prosperous society will benefit our group's business continuity.

*1 TCFD (Task Force on Climate-related Financial Disclosures)
*2 TNFD (Taskforce on Nature-related Financial Disclosures)

Climate Change

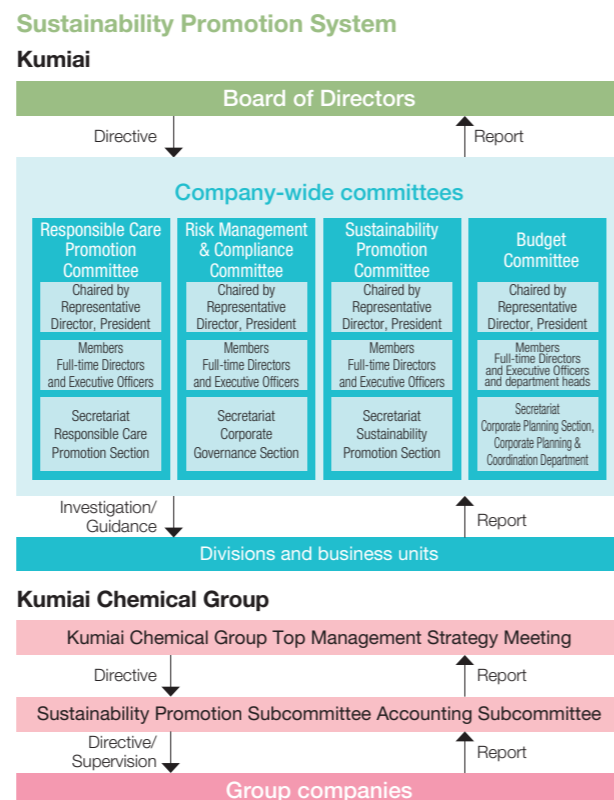
● Strategy

Our group has identified “mitigation of climate change and environmental impact” as one of its material issues and has assessed its climate-related risks and opportunities. We have conducted scenario analysis by setting the “safe, secure, and prosperous society” scenario (called the 1.5°C scenario) that we aim to achieve and the “unsustainable society” scenario (called the 4°C scenario) where social issues such as climate change worsen, and have evaluated the impacts of risks and opportunities on our group. Measures for major risks and opportunities that

have a large impact are being examined. The contents of these examinations are reported to the Sustainability Promotion Committee and Management, including the Representative Director and President, discusses climate change risks and opportunities.

For more information, including scenario analysis, please visit our official website:

<https://www.kumiai-chem.co.jp/english/sustainability/management/tcfd/>

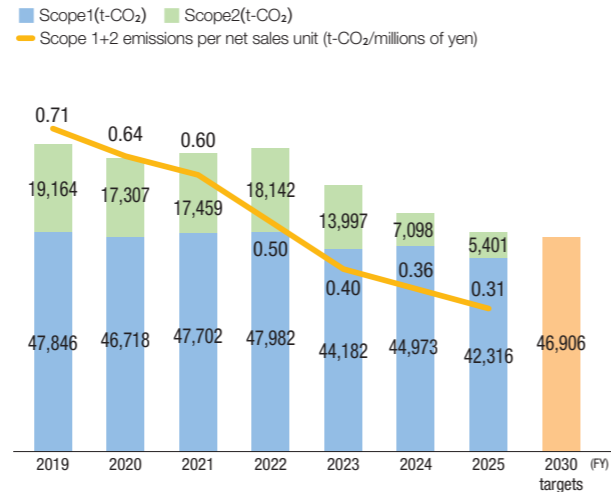


● Indicators and Targets

Our group supports the Paris Agreement and has identified “mitigation of climate change and environmental impact” as one of its material issues. Setting FY2019 as the reference year, we aim to reduce Scope 1 and 2 greenhouse gas (GHG) emissions of our seven key group companies by 30% compared to FY2019 by FY2030. Specifically, we introduced CO₂-free electricity generated from renewable energy sources at our main factories and institutes, including the Shizuoka Factory. We also promoted fuel conversion from heavy oil to fuels with lower GHG emissions, thereby continuing to reduce GHG emissions from our business activities. By FY2048, the year of our 100th anniversary, we aim to achieve carbon neutrality by reducing the Scope 1 and 2 emissions of our seven key group companies to virtually zero. In the future, we will also consider the use of low-carbon fuels (such as hydrogen and ammonia), innovative carbon-negative technologies, and carbon credits, as our carbon neutrality goals are difficult to achieve with existing technologies alone. Regarding the progress to date toward achieving the reduction targets, we believe that our group is making good progress in reducing GHG emissions, as our GHG emissions in FY2025 decreased by approximately 29% compared to FY2019. Since FY2024, we have conducted third-party verification of our GHG emissions to ensure the transparency and accuracy of our calculation data. Furthermore, we support the Japanese government's countermeasures against global warming and conduct corporate activities in compliance with the Act on the Rational Use

of Energy (Energy Conservation Act) and the Act on Promotion of Global Warming Countermeasures. We aim to achieve an annual reduction of 1% or more in either the five-year average energy intensity or the five-year average electricity demand optimization intensity, both of which are non-binding targets under the Energy Conservation Act. Through continuous efforts to reduce environmental impacts, we will strive to achieve the targets and disclose related information.

GHG Emissions and Reduction Targets



Note: Companies within the scope of calculation of GHG emissions (seven companies) KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS

Natural Capital and Biodiversity

● Strategy

Our group recognizes the importance of enhancing business sustainability by identifying nature-related risks and opportunities across the entire value chain—from product research and development and the procurement of raw materials for agricultural chemicals to production and use—and mitigating these risks while maximizing opportunities. For this reason, we conducted an analysis and assessment of our value chain using the LEAP approach,

● Risks and Opportunities

Through our assessment in the Locate and Evaluate phases of the LEAP approach, we identified risks and opportunities associated with natural capital and biodiversity. Significant risks and opportunities, determined

as recommended by the TNFD. This analysis targeted the Agricultural Chemicals and Agriculture-Related Business, which accounts for approximately 80% of our sales. Given the breadth of our product lineup and its broad geographical reach, our regional assessment under the LEAP approach focused on areas relevant to our mainstay products. An overview of the assessment results is provided on the following page.

by their potential impact on our group and likelihood of occurrence, along with the corresponding countermeasures, are presented on the following page.

Overview of Assessment Results Under the LEAP Approach

Overview of assessment results	
Locate Evaluation of relationships with nature by region	<ul style="list-style-type: none"> We identified that manufacturing bases of upstream suppliers in India and China may pose particularly high risks related to water and biodiversity. For our direct operations, we evaluated domestic manufacturing bases involved in the production of major products and confirmed their proximity to protected areas.
Evaluate Evaluation of dependencies and impacts	<ul style="list-style-type: none"> In direct operations (agricultural chemicals production), we recognized that the potential impact on the natural environment from unintended chemical spills is particularly significant, making appropriate management a critical priority. Downstream in the agricultural chemicals market, we reaffirmed the importance of proper use of agricultural chemicals. We also identified significant opportunities to contribute to sustainable agriculture by providing products that help reduce the environmental impact associated with the use of water and soil in agriculture.
Assess Identification of risks and opportunities	<ul style="list-style-type: none"> At the upstream (supplier) stage, we identified that the degradation or depletion of water resources could significantly affect our group's operations. At the direct operations stage, we identified that tightening regulations on the management and disposal of chemical substances could significantly affect our manufacturing and R&D activities. Downstream in the agricultural chemicals market, we identified that growing demand for reduced environmental impact in agriculture, as well as changes in the agricultural environment—including water, land, and climate—could present our group's significant business opportunities.
Prepare Response to risks and opportunities	<ul style="list-style-type: none"> We have reviewed and organized our current measures addressing nature-related risks and opportunities. We will continue to explore measures to mitigate risks and create opportunities based on these assessment results. We manage and monitor nature-related issues using multiple indicators. Going forward, we will deepen our analysis of nature-related risks and opportunities and, as necessary, consider setting new indicators and targets.

Major Risks, Opportunities, and Countermeasures Identified

Classification	Major risks & opportunities	Impact on business	Response	Impact	
Upstream (Suppliers)	Increased costs for water resource management and conservation	<ul style="list-style-type: none"> Suspension of supplier operations, lower production volumes, or the installation of new facilities may lead to higher raw material procurement costs and reduced sales opportunities. 	<ul style="list-style-type: none"> Securing alternative raw material sources Implementing price pass-throughs 	Large	
					Direct operations
Downstream (Agrochemical market)	Risk	Lower demand due to climate-driven changes in agricultural systems	<ul style="list-style-type: none"> Rising average temperatures and shifting sunlight hours due to climate change may change cultivation systems and crop varieties, potentially decreasing demand for agricultural chemicals. 	<ul style="list-style-type: none"> Diversifying target markets (countries, regions, and crops) Developing and selling agricultural materials that help improve agricultural productivity 	Medium to Large
		Reduced cropland due to water resource depletion and degradation, and lower demand due to changes in agricultural systems	<ul style="list-style-type: none"> Limited agricultural water availability may reduce agricultural land area and change cultivation systems and crop varieties, potentially decreasing demand for agricultural chemicals. 	<ul style="list-style-type: none"> Diversifying target markets (countries, regions, and crops) Developing and selling environmentally-friendly products Developing and selling agricultural materials that help improve agricultural productivity 	Medium to Large
	Opportunity	Increased demand due to climate-driven changes in agricultural systems	<ul style="list-style-type: none"> Rising average temperatures and shifting sunlight hours due to climate change may change cultivation systems and crop varieties, potentially increasing demand for agricultural chemicals. 	<ul style="list-style-type: none"> Diversifying target markets (countries, regions, and crops) Developing and selling agricultural materials that help improve agricultural productivity 	Medium to Large
		Demand arising from changes in cultivation systems and the dissemination of new agricultural methods	<ul style="list-style-type: none"> Sales may increase for newly developed products such as biostimulants (BS) and smart agriculture technologies (such as application of MAMETSUBU[®] by drones). 	<ul style="list-style-type: none"> Diversifying target markets (countries, regions, and crops) Developing and selling materials that help improve agricultural productivity Developing and selling biological pesticides, and supporting the dissemination of smart agriculture 	Medium to Large
Downstream (Agrochemical market)	Opportunity	Response to the need for higher agricultural productivity amid reduced cropland	<ul style="list-style-type: none"> Constraints on cropland and rising crop demand may increase the demand for agricultural chemicals needed to produce higher yields. 	<ul style="list-style-type: none"> Developing and selling agricultural materials that help improve agricultural productivity 	Medium to Large
		Greater demand for environmentally-friendly products and response to the need for further risk reduction	<ul style="list-style-type: none"> The growth of environmentally-friendly agriculture may increase demand for our products, such as those for dry direct seeding, microbial pesticides, and BS. Increasing environmental requirements may enhance the competitiveness of our lower-risk products. 	<ul style="list-style-type: none"> Continuously developing chemical and microbial pesticides with less risk to humans and the environment Developing and selling environmentally-friendly products Strengthening the proper use, dissemination and guidance of agricultural chemicals 	Medium to Large
		Higher evaluation by investors and customers	<ul style="list-style-type: none"> Selling environmentally-friendly products and raising awareness and promoting the proper use of agrochemicals contribute to ecosystem management and conservation, potentially enhancing our reputation among stakeholders. 	<ul style="list-style-type: none"> Continuing and strengthening guidance on the proper use and dissemination of agricultural chemicals Developing and selling environmentally-friendly products Ensuring appropriate information disclosure 	Medium to Large

* The "impact" is the financial impact on profit and expenses of an eventuality, and is evaluated based on the following criteria: "Large": three billion yen or more, "Medium": one billion yen to less than three billion yen, and "Small": less than one billion yen.

Key Initiatives

Initiative 1 Development of agricultural materials that address agricultural issues

As an R&D-oriented company, we have been dedicated to developing agricultural chemicals to address crop production challenges since its foundation.

We remain committed to realizing sustainable agriculture in an era of significant environmental change.

- Our first biostimulant NATSU-TSUYOSHI® activates the expression of heat shock protein (HSP) genes in plants. It is expected to mitigate heat-related damage to various crops, an issue caused by global warming in recent years, and contribute to solving issues at food production sites.

Provision of environmentally-friendly products and services
https://www.kumiai-chem.co.jp/english/sustainability/environment/environmental_consideration/



Initiative 2 Development of products with less risk to humans and the environment

Our R&D departments promote Responsible Care activities, including development focused on chemical safety. These efforts include reducing the use of organic solvents in agricultural chemical products, developing formulations that minimize worker exposure, and developing formulations that reduce risks to non-target organisms and the environment. These activities also comply with risk-based management practices (new regulations on autonomous chemical substance management under the revised Industrial Safety and Health Act), under which businesses assess the risks and toxicity of chemical substances on their own and take appropriate measures to prevent hazards.

Chemical Substance Management
https://www.kumiai-chem.co.jp/english/sustainability/management/responsible_care/pdf/ChemicalSafety.pdf



Initiative 3 Implementation of an environmental management system (ISO 14001) at manufacturing bases

We implement ISO 14001 at all our manufacturing bases (three factories), pursuing continual improvement to protect the environment and adapt to changing environmental conditions, while balancing these efforts with socioeconomic needs. For more information, please see “Contribution to a Recycling-Based Society” on the following page.

Initiative 4 In-house manufacturing facilities with low environmental impact

At the Shizuoka Factory, the activated sludge treatment system uses deep underground shafts to treat approximately 1,500 tons of wastewater per day within a limited footprint. By returning treated water that meets regulatory standards, we remain committed to reducing our environmental impact.

Shizuoka Factory
https://www.kumiai-chem.co.jp/company/production_base/shizuoka/ (in Japanese)



Indicators and Targets

The Kunming-Montreal Global Biodiversity Framework, adopted at COP15 in 2022, set a global target on natural capital, agriculture and pesticides of “halving the overall risk of pesticides and highly hazardous chemicals” by 2030. In Japan, the Strategy for Sustainable Food Systems, MIDORI, adopted in 2021, set specific KPIs for 2050, including “reducing the risk-weighted use of chemical pesticides by 50%” and “increasing organic

farming area to 25% (1 million hectares)”. In line with these targets, we are advancing initiatives related to natural capital and biodiversity. Nature-related indicators have been organized with reference to the TNFD core global disclosure metrics and the chemicals sector-specific core disclosure metrics. The current nature-related targets are presented on the following page.

Indicators	Scope	Indicators	FY2025 results	
Water withdrawal*1	Four group companies	Number of bases with high water stress	0 bases	
Water discharge*1	Four group companies	Water discharge amounts	3,260 thousand m ³	
Chemical substance emissions	Stand-alone	PRTR Class 1 Designated Chemical Substance Emissions	4.1 t	
Waste*2	Seven group companies	Industrial waste generated	Total amount generated	10.94 thousand tons
			Landfill disposal amount	0.15 thousand tons
			Incineration disposal amount	6.85 thousand tons
		Specially controlled industrial waste generated	Recycled amount	3.94 thousand tons
			Total amount generated	4.72 thousand tons
			Landfill disposal amount	0.00 thousand tons
Air pollutants*3	Stand-alone	Incineration disposal amount	4.52 thousand tons	
		Recycled amount	0.20 thousand tons	
		Total emissions of SOx	0.7 t	
Compliance violation	Stand-alone	Total emissions of NOx	2.8 t	
		Particulate matter	0.4 t	
		Number of violations of environmental laws and regulations	0 cases	

Indicators	Scope	Indicators	FY2025 results	FY2026 targets	FY2030 targets
Waste	Stand-alone	Waste landfill disposal rate	2.6%	1% or less	1% or less

*1 This data is compiled for the manufacturing bases of four group companies that have major manufacturing bases. (KUMIAI CHEMICAL, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry)

*2 This data is compiled for seven group companies. (KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, KUMIKA LOGISTICS)

*3 KUMIAI CHEMICAL (Shizuoka Factory, Kogota Factory, Tatsuno Factory)

Contribution to Biodiversity

Kumika Refugia Kikugawa (biotope)

A 3,030-square-meter biotope has been established on land adjacent to our Life Science Research Institute in Kikugawa City, Shizuoka Prefecture. In the increasingly urbanized surrounding environment, we aim to maintain and manage this rich natural environment by recreating the satoyama landscape that once existed in this area and reviving the flora and fauna that inhabited it.

Kumika Refugia Kikugawa
https://www.kumiai-chem.co.jp/sustainability/kumika_special/08/ (in Japanese)



Environmental Conservation Activities in Kumika Refugia Fukushima Town

In 1974, we purchased approximately 640 hectares of forest in the town of Fukushima, Hokkaido, and have been involved in maintaining and managing the forest. Proper management of forests maintains a rich ecosystem, including flora and fauna unique to the region.

Kumika Refugia Fukushima Town
<https://www.kumiai-chem.co.jp/english/sustainability/environment/biodiversity/>



Contribution to a Recycling-Based Society

In order to realize clean factories, we target the following items.

- 1 Reduction of energy use
- 2 Decarbonization of energy use
- 3 Change of materials used for containers for raw materials and packaging for inter-factory transfer, recycling of containers and packaging
- 4 Paperless operation by eliminating the use of hard copy of performance charts, etc.
- 5 Reuse of emitted energy
- 6 Recycling of solvents used
- 7 Recovery of valuable materials from wastewater

Implementation of ISO 14001 at Manufacturing Bases

We implement ISO 14001 at all our manufacturing bases (three factories), pursuing continual improvement to protect the environment and adapt to changing environmental

conditions, while balancing these efforts with socioeconomic needs. At the Environmental Management Committee for the Kogota and Tatsuno Factories held in December 2025, the following management reviews were reported: (1) While we achieved a 60% reduction in greenhouse gas emissions, exceeding our target, we will continue to promote further reduction measures such as upgrading facilities and reviewing business processes in pursuit of our long-term goal of carbon neutrality by FY2048; (2) To reduce costs and ensure operating income, we position waste reduction as a key priority, and accelerate these efforts through improvements in facilities and processes; and (3) We will also work to optimize and reduce our water usage, thereby reducing the overall environmental impact of our business activities. These measures will be implemented through continual improvement realized through the operation of ISO 14001.